

**MINUTES OF THE JOINT MEETING OF THE
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT,
SAN GORGONIO PASS WATER AGENCY,
AND THE YUCAIPA VALLEY WATER DISTRICT**

September 25, 2019

SBVMWD Directors Present: T. Milford Harrison, Paul Kielhold, Susan Longville, Gil Navarro, and June Hayes

Directors Absent: None

Staff Present: Douglas Headrick, Cindy Saks, Wen Huang, Matt Howard, Lillian Hernandez, and Brendan Brandt

SGPWA Directors Present: Ron Duncan, Leonard Stephenson, Steve Lehtonen, Dr. Blair Ball, David Castaldo, David Fenn, and Mike Thompson

Directors Absent: None

Staff Present: Jeff Davis, Tom Todd, and Cheryle Stiff

YVWD Directors Present: Chris Mann, Bruce Granlund, Lonni Granlund, and Joyce McIntire

Directors Absent: Jay Bogh

Staff Present: Joseph Zoba

Registered Guests:

Benjamin G. Kelly, Western Heights Water Company

David Armstrong, South Mesa Water Company

Steve Lehtonen, San Gorgonio Pass Water Agency

David Raley, San Bernardino Valley Water Conservation District

Chris Mann, Yucaipa Valley Water District

Wayne Brown, East Valley Water District

Madeline Bleu, Yucaipa Valley Water District

Jennifer Ares, Yucaipa Valley Water District

Josh Swift, Fontana Union Water Company

Melody McDonald, San Bernardino Valley Water Conservation District

Mario Gareri, Board of Supervisors District 5

The Joint meeting of the Boards of Directors was called to order by President Harrison, President Duncan, and President Mann at 1:30 p.m. at the District office, 380 E. Vanderbilt Way, San Bernardino. A quorum was noted present.

Agenda Item 1. Public Comment

President Harrison invited any members of the public to address the Board. Hearing none, the meeting proceeded with the published agenda items.

Agenda Item 2. Discussion and Possible Action Items.

2.1) Consider Agreement Review of an Agreement to Facilitate Water Deliveries to the Calimesa Area by San Bernardino Valley Municipal Water District for the San Gorgonio Pass Water Agency. Jeff Davis, General Manager, San Gorgonio Pass Water Agency, stated that there is a very unusual situation in that there are two adjacent State Water Contractors (SWC) serving in their respective counties and one retail water agency in the middle, Yucaipa Valley Water District (YVWD), that serves portions of both counties. Wholesalers are required to sell water within their own service area and not outside their service area. The San Gorgonio Pass Water Agency (SGPWA) began selling water to YVWD in 2005 and they had to come up with a methodology to do it. All three agencies met and decided on a methodology and that has been in effect since 2005. In preparation for the development of an agreement to memorialize the methodology, SGPWA and Valley District Staff approached the Department of Water Resources (DWR) and received a companion agreement which is SWPAO 16030. The primary purpose of that agreement is for accounting purposes between the two State Water Contractors. Some of the water that is delivered to YVWD is debited from the San Bernardino Valley Municipal Water District (SBVMWD) because it is served in San Bernardino County and some of it comes out of the SGPWA account because it is served in Riverside County. Essentially, the SWPAO agreement recognizes that some portion of the water that gets delivered to the SGPWA is conveyed through a turnout in SBVMWD's service area. The SWPAO Agreement stated that DWR will bill SGPWA directly for the water that gets debited from their account that ends up in Riverside County and the DWR will continue to bill SBVMWD for their water. The way it worked up until the approval of the SWPAO Agreement was SBVMWD was billed for all the water and then they would bill SGPWA for that portion that went into Riverside County. The SGPWA will now get billed directly from the DWR. The agreement being discussed today lays out the foundation for how the agencies go about making that calculation for how much water is delivered to each State Water Contractor. There is no way of knowing the exact amount because they cannot track molecules so they came up with a calculation they have been using since 2005. This agreement will go back to each individual agencies' Board for approval. Mr. Davis stated that Joe Zoba developed with the calculation.

Joe Zoba, General Manager, Yucaipa Valley Water District, stated that in 2007, they built the Yucaipa Valley Regional Water Filtration facility. SBVMWD's Resolution No. 888 requires YVWD to account for water that was used in San Bernardino's service area and water moved into Riverside County. He reviewed the methodology which was included in the packet. The fundamental concept is that YVWD takes the water from the State Water Project (SWP), from an SBVMWD meter and then through the filter plant. They then aggregate all their water meters together, what is in San Bernardino County and what is in Riverside County, and come up with a percentage that was delivered to each County. About 90 percent goes to Yucaipa in San Bernardino County and 10 percent goes to Calimesa in Riverside County. The only other factor is how much groundwater they produce in Riverside County. Because that water produced in Riverside County will

offset any imported water that is delivered south of the county line. All three agencies have the data so it is very transparent. Then they calculate out the water purchase by each agency. Recycled water in Yucaipa valley is a great resource. YVWD's recycled water system is integrated across the County line and its flows are included in the calculation.

2.2) Presentation and Discussion of Facilitated Joint Management Meetings.

Douglas Headrick, General Manager, San Bernardino Valley Municipal Water District, stated that the District was approached in February 2019 to engage in a process to try to identify some solutions to the water supply reliability issues in the Calimesa area. The three agencies requested authorization from each of their Boards to participate in a facilitated process through a series of meetings which have been conducted. They were asked to bring back the results of those meetings. Mr. Headrick stated that instead of changing agency boundaries they believe that through the coordinated use of facilities that exist today and ones that could be built along with contractual arrangements, they can solve water supply reliability and administrative functions collaboratively without moving boundaries.

Tim Moore gave a PowerPoint presentation highlighting the process that has been undertaken in the joint meetings of the general managers from the three agencies. He covered shared goals, key concerns of each agency, the opportunities for collaboration, the points to be included in a Memorandum of Agreement and the next steps involved in the process.

The Boards agreed that the agencies can move forward with the process.

Agenda Item 3. Board Member Comments

Chris Mann stated that on behalf of YVWD he would like to thank everyone for being in attendance. It is a big issue for their district and they really appreciate all the effort and is very optimistic that something positive will come out of the process.

Leonard Stephenson echoed Mr. Mann's comments and stated they are happy to be at the table and discussing the opportunities that may be available to them. Their Board wants to see everybody do well in the region. It is unfortunate that YVWD is placed in a position where they have to straddle two counties and he sympathizes with their unique situation. He reminded everyone that building homes is not a guarantee and not a right. Building homes should be done when water is available and if they do not have water available and cannot make it worthwhile to put new homes in then they do not need to be building them. He said this because that is why there were at the meeting to make sure they have enough water for this development. He appreciated everybody's comments and looks forward to the next meeting.

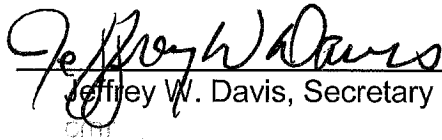
June Hayes stated that the Inland Empire is under pressure to put in 1.5 million new homes by the State of California without worrying about water.

Bruce Granlund stated that water is a big issue and they were recently at a meeting in Yucaipa and on a rotating eight-year cycle, the state is mandating cities to build a certain number of units and for the next eight-year cycle. For Yucaipa the next cycle starts in two

years and the target is 16,000 units. But the state does not address how to develop roads, water, or anything else just that there is a housing shortage and what each city's share is.

Agenda Item 4. Adjournment.

There being no further business, President Harrison adjourned the meeting at 2:48 p.m.



Jeffrey W. Davis, Secretary of the Board